

BANKERS HERE FEAR POLITICIANS' POWER

Efficient Make-up of Federal Board Proposed in Currency Bill.

SOME FEATURES PRAISED

Step in Right Direction, Some Say—\$10,000 Salary Too Small.

The text of the new currency bill, as passed yesterday morning's papers, is a shock to bankers, in view of the fact that all the members of the Federal Reserve Board are to be appointed by the President, making the control of the currency essentially a political one and placing authority out of the hands of the bankers and bankers' associations.

Bank presidents praised certain features of the bill, such as the provision for the discounting of commercial paper.

A prominent official in one of the largest banks said that should the bill become a law as drafted, many of the national banks would refuse to become Federal reserves and would surrender their charters and become State banks.

Others, however, thought that the bill was a step in the right direction, which would be controlled practically by politicians.

It is expressed that before the bill reaches Congress it will be modified in accordance with private recommendations.

Also from the political aspect one of the features most criticized is the impossibility of the Government to get a cent of money out of the central bank for a year.

Better make the position of members on the central board an honorable one so that retired bankers and business men will be willing to fill it without salary, said the head of one large banking institution yesterday.

More Flaws Picked Out.

An editorial in the fact that the bill is no provision for averting the possibility of a panic to the banks which would result in the 2 per cent. Government bond as a basis for note circulation, and it was said that in making provision for the retirement of the existing national bank currency, the proposed new Treasury notes would simply result in inflation.

William A. King, president of the Commercial Bankers' Trust Company, said that while the bill is a step in the right direction, but the idea of Government control is an old democratic one, which has been tried that phase of the bill, and found it impractical and unworkable.

The bill will work out this way: Take the case of the case of the South, where the business man and banker believe in the King's plan. Under this system, the reserve banks would be controlled with cotton for which they would advance money on notes for the Government. The Southern States would be in a position to get a cent of money out of the central bank for a year.

How to Business.

It would not be the case if the bill were composed of bankers from New York, steel men from Pittsburgh, wheat growers from the Northwest, and so on. Why should we demand that the Government should supply the money to the banks when it has already loaned them money? Such a plan would be the wheels of business in the hands of the Government, yet under the proposed bill, the Government is asked by the Southern States to supply the money for the discounting of commercial paper.

It is a good one and will be a step in the right direction, but the Government is now doing on a political basis for the country banks which are the correspondents.

Believe that the Government is not sufficient to supply the money to the banks, and that the Government is now doing on a political basis for the country banks which are the correspondents.

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HOUSE MEMBERS SEE WILSON ON CURRENCY

President Hopes More Conference Will Smooth Path for Banking Bill.

RADICALS ON COMMITTEE

Glass Finds Carefully Picked Body Not as Conservative as Thought.

SAY LAWYER TOOK \$36,000.

William H. Maginnis Accused of Misappropriation of Trust Fund.

Washington, June 20.—An important conference on banking and currency was held at the White House to-night. Chairman Glass and other Democratic members of the House Committee on Banking and Currency met the President and discussed the outlook.

The conference was called primarily to placate members of the committee who have complained that the Glass-Steagall bill was framed in secrecy and that they were not consulted or advised about it. It is the hope of the Administration that to-night's conference and others will make the committee more amiable.

After the conference President Wilson said that he had enjoyed a pleasant evening with his legislative colleagues and was hopeful that it would result in the passage of a banking and currency revision bill at this session. The President said further that no disagreement was expressed by anybody present as to the advisability of such legislation.

Most of the talking in the conference was done by the President. He amplified the thought that, as the Government is about to embark on a new fiscal policy, under Democratic direction, it was of paramount importance that a banking and currency system should be created which might be expected to follow the beginning of such a policy.

Points to Unsettled Business.

Members who attended the conference said that the President pointed out that there is an uneasy feeling in business circles, that money is tight, and that these conditions are reflected in market prices. He thought that it was the duty of the Democrats to pass a new monetary law coincident with action on the tariff. He thought a system should be established that would automatically prevent a recurrence of troubles that had beset the country in the past.

Just what effect the President's talk had on the committee members present will not be developed for some time. It is known that the Administration is apprehensive.

Tonight's conference did not deal with details. No attempt was made to discuss the merits of the Glass-Steagall bill. It was made plain, however, that the President believed that this particular measure should be made the basis for discussion in committee.

Sentiment in the House and Senate is hostile to the bill for various reasons. The leaders are opposed to action on such a measure at this time, while there is an element that is opposed to the bill. The plan around which the Glass-Steagall bill is written. It is already apparent that there will be strong opposition to the measure within the Democratic party in the House. Like opposition is expected to break out in the Senate.

Representative Henry of Texas is preparing a bill which he will offer as a substitute for the measure prepared under the direction of President Wilson and his advisers. The Henry bill will provide for a larger gold reserve. Government notes issued to be based on it, whereas the security for the notes proposed to be issued under the terms of the Glass-Steagall bill will be paper with a reserve in the hands of the Federal Reserve Bank.

Mr. Henry takes the position that note issuing is the sole function of the Government and that it is high time this business is taken away from the banks.

While Democrats are not disposed to criticize the bill publicly, they regard it as defective in many particulars. Complaint is made against the failure to provide for the retirement of the present national bank currency.

Objection to Central Board.

Objection also is made to the composition of the Federal central board. The Administration bill provides that this board shall be purely a Government body. The suggestion is made that the banking community is entitled to representation on this board and amendments of this import will be offered. It is apparent, too, that strong opposition will arise to the plan of having the President control the board.

The chief menace to the plan to pass banking and currency legislation at this session is difference. The attitude of the House leaders is reflected in their determination not to make the bill a caucus measure. It is known that they think it would be hazardous to make such an attempt, and have so informed the President.

Ten days ago a sub-committee headed by Representative Buckley of Ohio drafted a resolution providing that all sessions of the committee should be open to the press. Chairman Glass is fighting this.

It was not discovered until a day or two ago that some of the new Democratic committee members are radicals instead of conservatives, as originally supposed. The committee was picked with care, but Mr. Glass finds that some of the members have "views" on the subject that are not all in harmony with those expressed in the Administration bill.

POST OFFICE BUILT FOR SPIES.

Peepholes for Inspectors in Pennsylvania Station Annex.

The "spider net" system by which post office inspectors watch employees in the Pennsylvania station post office figured yesterday before United States Commissioner Shields when Thomas P. Foran, employed in the Pennsylvania general office, was arraigned for stealing parcel post packages.

An inspector stationed in the secret passageways built inside the big circular girder of the Pennsylvania station post office claims he could see Foran taking packages. Foran was held in \$1,000 bail for the Federal Grand Jury.

According to the post office inspectors, merchandise worth several thousand dollars has been stolen in the office since the first of the year.

Qualey's Conviction Affirmed.

The conviction of John A. Qualey, president of the Magnesia Ambestos Company, who was sentenced by Justice Goff to not more than five years or less than eight months imprisonment for swindling the late Mrs. Mary Neville Bull, widow of Dr. William T. Bull, out of \$35,000, was affirmed yesterday by the Appellate Division of the Supreme Court.

Hold Artist as Child Beater.

Fern's Little Daughter Says He Kicked Her Down Stairs.

Ten-year-old Jolanda Fern, daughter of Alexander Fern, an artist, of 1482 Avenue A, wandered into the Suburban Homes Company, at 511 East Seventy-fifth street, Wednesday night, complaining that her father had beaten and kicked her down stairs. The girl was turned over to the children's society.

Dr. Samuel A. Brown of the Children's society found five contusions and four abrasions on the child's body.

TEACHER WANTS HEART BALM.

Says Baiter Broke His Promise After Calling Her His Chicken.

NO \$10,000 FOR MISS STEWART.

Count Cuts Slender Verdict Against Kennel Club to \$2,500.

NINE HOUR LAW IN BAY STATE.

Senate Concur With House in Overriding Governor's Veto.

Washington, June 20.—The Senate of the Massachusetts Legislature concurred today with the House in overriding Governor Foss's veto of the bill prohibiting street railway companies from requiring employees to work more than nine hours in eleven calendar days. The bill was passed by a vote of 11 to 1.

The Legislature has ended its session.

WILSON TO SIGN BILL EXEMPTING UNIONS

Will Attempt to Dodge Issue in Memorandum Which Goes With Approval.

Washington, June 20.—President Wilson has decided to sign the sundry civil bill which exempts labor unions and farmers' organizations from prosecution under an appropriation of \$300,000 which is carried for the enforcement of the Sherman anti-trust act.

President Taft vetoed the measure in the belief that the proposed exemption amounts to "vicious class legislation."

The principal consideration which President Wilson will say actuated him in deciding to sign the bill is that it will not prevent the Department of Justice from bringing anti-trust suits against labor unions and farmers' organizations. He will refer to an opinion by Attorney-General McReynolds to the effect that there are no considerable appropriations for the Department of Justice which can be used to support such actions brought by the Government. Among these are the appropriations for the support of United States District Attorneys and for the hiring of special assistants to the Attorney-General. The last appropriation alone it will be pointed out, amounts to \$500,000 in the measure which the President is to sign.

In view of these facts the President is expected to state that he does not believe the importance of the exemption provision to be sufficient to justify him in turning the immense appropriation back to Congress a second time.

The President said that Congress in passing the debated provision has not sought directly to prohibit the prosecution of the organizations specified, but has simply directed that a certain sum shall be used for suits which do not involve these organizations.

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Another charge was that men with venereal diseases were permitted to use the same showers and baths that healthy men used. Kennedy said this was not so; could not be so, in fact, as all infectious cases were isolated.

He admitted readily enough that a cell house, which is more than seventy years old, cannot be sanitary, also that it is regrettable that two men have been confined in cells scarcely large enough for one.

"But in this regard," he said, "I am helpless. The fact that the cell house is in such a state of disrepair is a matter of public knowledge and has been reported to the proper State officials many times."

He took the same view regarding the statement that this cell house is filled with vermin, quite agreeing with the Grand Jury that it is too bad such a state of affairs exists.

"But it is impossible to rid the place of vermin," said he. "Even the Grand Jury said as much."

Says Boiler Is Unsafe.

The presentment had a good deal to say regarding the unsafe condition of the boiler room. Warden Kennedy said there was no doubt about its unsafety.

"The insurance companies have raised the rates because of the danger," he said. "A few months ago I managed to get an appropriation for a new boiler room and it is now being built."

The warden had no apology to make for the general antiquity of the prison buildings. He seemed inclined to condemn them with as much spirit as the Grand Jury's report.

He denied that men in the "cooler" had been known to drink the disinfectant when overcome by thirst, repeating that this might have happened before his time, but not during it.

NAMES PRISON COMMISSION.

Sulzer Acts to Hush Closing of Sing Sing After Exposures.

ALBANY, June 20.—Gov. Sulzer to-day appointed the members of the commission which is to select a site for a new prison, following the report of the Westchester county Grand Jury that conditions at Sing Sing prison necessitate an immediate change.

The commissioners are Simon Rosendale of Albany, Edward M. Crook of Genesee, who is chairman of the Governor's war board on direct primary; Commodore Albion B. Wadhams, Leon C. Weinstein of New York city and Charles Oberlander, a piano dealer of Buffalo.

Gov. Sulzer issued a long statement in which he said that he might ask the Legislature to give the commission some money so it could get to work at once, and buy a site for the new prison.

NO PLACE IS LEFT FOR DIX.

Ex-Governor's Friends Too Late in Starting to Land a Job.

WASHINGTON, June 20.—Ex-Gov. John A. Dix probably will not be appointed either to a diplomatic position or to be Governor-General of the Philippines. It was said on the highest authority today. He had been told that the position of Governor-General was not a desirable one.

At the same time, it was said, that Mr. Dix might not be recognized by any Federal appointment such as the United States ambassador to Mexico.

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DENIES CRUELTY TO SING SING CONVICTS

But Warden Kennedy Admits Old Prison Is Unsanitary and Crowded.

ANGRY AT 'COOLER' CHARGE

Says Grand Jury Is Wrong About Men Going Insane in His Time.

OSSENING, N. Y., June 20.—Warden John S. Kennedy of Sing Sing prison yesterday denied some of the charges in the report on conditions at Sing Sing by the Westchester Grand Jury. But he added that he agreed with the general tenor of the report.

The charges regarding the "cooler," a dungeon in which unruly convicts are confined in solitude and darkness, particularly angered Warden Kennedy. The Grand Jury said that the "cooler" existed with Kennedy's approval. He said that he has been opposed to it from the start.

"To mitigate some of the evils connected with that institution," said he, "I established the prison punishment board, consisting of myself, the principal keeper and the prison physician. In this way every man is given a fair hearing before he is confined in the dungeon."

The Grand Jury's report had it that the prisoners are "supposed" to get a hearing before this board. Kennedy repeated the inference that they sometimes did not.

Denies 'Cooler' Makes Convicts Mad

The presentment also stated that shortly before the investigation began men confined in the "cooler" had been driven insane because of the horrors of the place. Of this charge Kennedy said:

"I can't say what may have happened during previous regimes, but during my time there has been no case of insanity."

He did not attempt, however, to deny the Grand Jury's charge that men in the "cooler" got only a cup of water in every twenty-four hours and a piece of bread twice a day. Neither did he make apology for the fact. He contented himself with the general comment that he did not favor the cooler system anyway.

It was said in the report that the grossest neglect had been allowed in the mingling of diseased prisoners with healthy ones. This was a direct shot at the warden and he resented it on the ground that men with infectious diseases have not been permitted outside of restricted wards.

No Mixing of Sick With Well.

"There is nothing in the statement," said he, "that men with tuberculosis were put in the same cells with men who were well. As soon as we found a case of tuberculosis it was sent away. The men were examined regularly by the prison physician."

Another charge was that men had been confined in the "cooler" frequently when they were suffering from physical complaints of a nature that made the privation dangerous to their health. Kennedy said that this was not so, and that as an additional precaution every man in the "cooler" was examined by a physician daily.

He also denied that the hospital ward laundry was washed with the laundry from the other wards, but said that the same tubs were used in both cases. When asked if these tubs were disinfected after hospital laundry had been in them he did not reply.

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JOHN MITCHELL MUST GO.

Court of Appeals Decides Against Sulzer in Recent Appointment.

ALBANY, June 20.—Gov. Sulzer lost his fight with Charles F. Murphy to-day over the naming of a State Labor Commissioner for a term of five years, at a salary of \$5,000; a State Health Commissioner for a term of six years, at a salary of \$8,000, and two up-State Public Service Commissioners for terms of five years, at salaries of \$15,000 each.

The terms of State Labor Commissioner John Williams and of State Health Commissioner Dr. Eugene H. Porter expired on December 31 last, and of State Public Service Commissioners Frank W. Stevens on February 1 and Curtis N. Douglas on January 20.

The Court of Appeals, by a vote of five to two, has decided that the public officers law provided under such circumstances that the Governor could fill these vacancies only with the approval of the State Senate and that the Governor could not wait until after the Legislature had adjourned and fill them even by ad interim appointments which would be sent to the State Senate when the Legislature regularly convenes again in January, 1914.

Gov. Sulzer tried to avoid the provisions of the public officers law requiring the approval of the State Senate in filling these offices by having the Republican State Labor Commissioner, John Williams, resign after the regular session of the Legislature closed on May 3.

This action, Gov. Sulzer held, created a vacancy, and for a third time appointed John Mitchell, the labor leader, to succeed Mr. Williams, although the State Senate had rejected Mr. Mitchell's name twice. Mr. Mitchell at once turned around and named Mr. Williams as first Deputy State Labor Commissioner, at a salary of \$5,000.

If this appointment had not been questioned Gov. Sulzer intended to go ahead and make other appointments.

The prevailing opinion of the Court of Appeals was written by Judge Chase, which was concurred in by Judges Hartlett, Collins, Cuddeback and Hogan. Chief Judge Cullen and Judge Werner dissented.

Gov. Sulzer is undecided whether or not he will send names to the State Senate during the extra session to fill the four important State offices.

SULZER CAN'T KEEP DIRECT TAX PLEDGE

He Accepts Bankers' Opinion That Surplus Money Must Not Be Disturbed.

ALBANY, N. Y., June 20.—Another blow was struck at the policies of the Sulzer administration to-night when several bankers, after a two hour conference with the Governor at the Executive Chamber, told him that there was no way for him to avoid a direct State tax this year.

The Governor accepted this opinion and asked the Comptroller's office to draft a bill imposing a direct State tax of one mill, to raise about \$11,000,000 of this \$9,500,000 will represent the payments which must be made to the highway and canal sinking funds and the yearly interest on the \$15,000,000 and canal bonds.

There is a surplus of \$15,000,000 in the highway and canal sinking funds and the Governor's committee of inquiry recommended that this surplus be turned into the general fund.

One pledge which Gov. Sulzer made when he became Governor was that he would abolish the direct State tax. The main reason why his committee of inquiry was appointed was to point the way to accomplish this end.

Following the committee's recommendations the Governor had the State Senate pass a bill to utilize the sinking fund surplus for the payments on this year on the principal and interest on highway and canal bonds. During the last days of the regular session this bill got lost in the Assembly. Then Democratic legislative leaders sent the Governor a bill providing for a direct tax with the idea of puncturing his pledge. The Governor vetoed this bill, announcing that he would have his bill to utilize the sinking fund surplus passed at the extra session.

To bolster up his plan to avoid a direct tax, the Governor called a conference with the members of the State Comptroller's office and State officials to consider the question. The bankers generally agreed to-day that this was no time to take any money from the State sinking funds whether or not there was a surplus there and said that, if this was done, it might prevent the sale of any more State bonds now because of the lack of confidence in the safety of the sinking funds which might be caused.

The Governor was reluctant, but he accepted this view of the situation and his hope of abolishing the direct State tax vanished. This means that the appropriations of the first year of the Sulzer administration will be \$7,000,000 or \$5,000,000 more than last year.

Wife on Trial for Murder.

MAURY, Tenn., June 20.—A jury to try Mrs. Mary Schieber on the charge of murdering her husband, August Schieber, two months ago after she followed him to the apartments of Mary Howell, was obtained late today. Schieber left a \$300,000 lumber estate.

PERKINS SAYS HE'D BE A KNIGHT, NOT A GOAT

In Any Other Country He Would Be Honored Instead of Facing Indictment.

REBUKES HIS QUESTIONERS

Intimates That They Seem to Know Little About Business Affairs.

CHICAGO, June 20.—The attitude of the American Government toward the International Harvester Company is beyond the comprehension of George W. Perkins. In an interview after the New York financier had finished testifying in the Government's suit to dissolve the reaper concern to-day he complained bitterly of the treatment accorded him by the Government's attorneys and asserted that in other countries men were knighted for achievements he had scored with the harvester products of this country.

At one point when he was testifying Mr. Perkins said with much feeling that he had been brought into a situation as a result of which he might expect to be indicted criminally.

"Why, one would think," he said in his interview, "from the way we have been persecuted by this Government that whenever we were indicted, it would be the contrary has happened. Since the organization of the International Harvester Company we have increased the pay of labor in our foreign establishments 32 per cent. This raise has been for the lower paid employees. The salaries of the head men have remained the same for ten years."

Knighthood for Some Work.